

Tobin & Co.

Leland Township

Leelanau County, Michigan

Audit Report

For the Year Ended March 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Leland Township	County Leelanau
Audit Date 3/31/06	Opinion Date 9/18/06	Date Accountant Report Submitted to State: 9/21/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

TOBIN & CO., P.C.

400 E. EIGHTH ST.

TRAVERSE CITY, MI 49686-2668

Certified Public Accountant (Firm Name)		State		ZIP
Street Address 231-947-0151		City		
Accountant Signature <i>David J. Oast</i>		Date 9-20-06		

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Table of Contents

INTRODUCTORY SECTION

Comments and Recommendations	4 - 5
------------------------------	-------

FINANCIAL SECTION

Accountant's Report	7
Management's Discussion and Analysis	8 - 11

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Assets	12
Statement of Activities	13

Governmental Funds:

Balance Sheet	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances	16

Proprietary Funds:

Statement of Net Assets	17
Statement of Revenues, Expenses and Changes in Net Assets	18
Statement of Cash Flows	19

Fiduciary Funds:

Statement of Fiduciary Net Assets	20
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Notes to Basic Financial Statements	21 - 27
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SUPPLEMENTAL DATA SECTION

Required Supplementary Information:

Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

1 - General Fund	29 - 32
2 - Metro Authority Fund	33
3 - Fire and Rescue Fund	34
4 - Liquor Law Enforcement Fund	35
5 - Library Fund	36
6 - Marina Improvement Fund	37
7 - Fire Building and Equipment Fund	38

Non-major Governmental Funds:

8 - Combining Balance Sheet	39
9 - Combining Statements of Revenues, Expenditures and Changes in Fund Balances	40

Proprietary Funds

Statements of Revenues, Expenditures and Changes in Retained Earnings – Budget and Actual

10- Sewer Fund	41
11- Marina Fund	42

Other Supplementary Information

12 -Statement of Changes in Assets and Liabilities – Current Tax Collection Fund	43
13 -2005 Property Tax Levy and Collection	44

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Leland Township, Leelanau County, for the year ended March 31, 2006 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Leland Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Accounting records were maintained in good order. Recorded revenues were deposited timely and intact and bank accounts were reconciled on a regular basis. Required journals and ledgers were maintained. Follow-up procedures appeared good.

Budgets and Procedures

The Township prepared and adopted budgets for its General, Special Revenue, and Enterprise Funds. See Note 2C of the Notes to Financial Statements.

General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance at March 31, 2006, was \$207,129, an increase of \$12,543 from the balance at March 31, 2005.

Metro Authority Fund

This fund, presented on Schedule 2, is used to account for state shared revenues under the Metropolitan Authority Act restricted to right-of-way expenditures. Revenues amounted to \$5,285 for the audit year. The fund balance at March 31, 2006 was \$12,282.

Fire and Rescue Fund

This fund, presented on Schedule 3, is used to account for the special voted tax of .3214 mil for fire protection. Revenues amounted to \$131,869 for the audit year, including \$94,551 of tax and \$37,218 of ambulance fees. In addition, the fund received a transfer of \$12,319 from the Fire Building and Equipment Fund to cover the cost of new fire equipment. The fund balance at March 31, 2006 was \$34,073, a decrease of \$48,030 from the balance at March 31, 2005.

Liquor Law Enforcement Fund

This fund, presented on Schedule 4, is used to account for liquor license fees refunded by the State of Michigan. These fees may be used only for enforcement of the State liquor laws. Expenditures exceeded revenues by \$1,406 for the audit year, and the fund balance at March 31, 2006 was \$9,756.

Library Fund

This fund, presented on Schedule 5, is used to account for revenues specifically designated for operations and maintenance of the Township Library. Expenditures exceeded revenues and a transfer of \$40,000 from the General Fund by \$14,410. The fund balance at March 31, 2006 was \$194,189.

Marina Improvement Fund

This fund, presented on Schedule 6, is used to account for interest earnings and monies transferred from the Marina Fund set aside for capital improvements. Revenues exceeded expenditures by \$15,982. In addition, the fund received an operating transfer of \$50,000 from the Marina Fund. The fund balance at March 31, 2006 was \$482,893.

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Comments and Recommendations

Fire Building and Equipment Fund

This fund, presented on Schedule 7, is used to account for the special voted tax of .3214 mil for fire equipment replacement. Revenues amounted to \$98,451 for the audit year. Expenditures consisted of a transfer out of \$12,319 to the Fire and Rescue Fund for purchase of equipment. The fund balance at March 31, 2006 was \$219,122.

Sewer Fund

This fund, presented on Schedule 10, is used to account for the operations and debt retirement relative to the Township sewer system. Retained earnings at March 31, 2006 were \$832,263.

Marina Fund

This fund, presented on Schedule 11, is used to account for operations of the Township Marina. Retained earnings at March 31, 2006 were \$552,330.

Capital Assets

The Statement of Changes in Capital Assets (land, buildings, and equipment) is presented in Note 6 of the Notes to Financial Statements.

Property Tax Collections

The collection and distribution of the 2005 tax levy was well handled by the Township Treasurer. Paid receipts were filed in order of payment. Deposits were made timely and intact. Distributions to taxing units during the collection period were in accordance with statutory requirements.

See Schedule 13 for a summary of the 2005 property tax levy and collections.

Payroll Procedures

Payroll records were well maintained by the Township Clerk. Social Security and Medicare taxes are being withheld as required by statute.

Insurance and Surety Bond Coverage

Records indicate that the Township is insured through Municipal Underwriters of Michigan and the Michigan Municipal League Workmen's Compensation Fund and has such coverage as fire and extended coverage, general liability, errors and omissions, workmen's compensation, equipment and crime coverage. Board minutes indicate that coverage was reviewed during the audit year. The Clerk, Treasurer, and their deputies, as well as the Supervisor, have specific surety bond coverage and the Township has a blanket surety bond for other employees.

Other Data

We are pleased to note the use of interest bearing depository accounts. This practice resulted in earned interest of \$43,409 during the audit year. This is commendable on the part of the Treasurer and other Board members.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field examiners in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Leland Township
Leelanau County
Leland, Michigan 49654

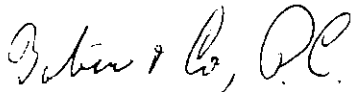
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate of remaining fund information of Leland Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate of remaining fund information of Leland Township, Leelanau County at March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Leland Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
September 18, 2006

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Leland Township Management Discussion and Analysis Letter

As the Township Board of the Leland Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Leland Township for the fiscal year ended March 31, 2006.

Financial Highlights

The assets of Leland Township exceeded its liabilities at the close of the most recent fiscal year by \$8,433,863. Of this amount, \$207,129 may be used to meet the Township's ongoing General Fund obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$1,159,944, an increase of \$106,096 in comparison with the prior year.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$297,129, or 61.5% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Leland Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include: general government, public safety, road projects, and township improvements. The business-type activities of the Township include sewer and marina operations.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Leland Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Leland Township maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Fire and Rescue Fund, Marina Improvement Fund, Library Fund, and Fire Building and Equipment Fund, which are considered to be major funds. All Township government activities are included in these five funds plus three non-major governmental funds.

The Township adopts an annual appropriated budget for its general fund, special revenue and permanent funds. Budgetary comparison statements have been provided for the general fund and other governmental funds to demonstrate compliance with this budget.

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Proprietary funds: Leland Township maintains two individual proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its sewer activities.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

The basic fiduciary fund financial statements can be found on page 20 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights: General fund revenues in 2005-2006 decreased by approximately \$23,334 while expenses decreased by \$70,844. Major contributing factors to the decrease in revenues were from property tax revenues, interest, and donations. Expense decreases were seen in planning and zoning (as a result of a change in zoning fees and policies to hold developers responsible for certain professional fees pertaining to their development), elections (only one election), and library funding. Fund balance on March 31, 2006 was \$207,129, an increase of \$12,544 from the balance on March 31, 2005.

Condensed Financial Information and Analysis of Balances and Transactions of the Other Township's Funds.

	March 31, 2006			March 31, 2005		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 1,198,011	\$ 500,466	\$ 1,698,477	\$ 1,073,777	\$ 525,000	\$ 1,598,777
Capital Assets	<u>2,021,299</u>	<u>5,591,639</u>	<u>7,612,938</u>	<u>2,107,895</u>	<u>5,735,045</u>	<u>7,842,940</u>
Total Assets	<u>\$ 3,219,310</u>	<u>\$ 6,092,105</u>	<u>\$ 9,311,415</u>	<u>\$ 3,181,672</u>	<u>\$ 6,260,045</u>	<u>\$ 9,441,717</u>
Long-term Liabilities	\$ -	\$ 825,000	\$ 825,000	\$ -	\$ 1,025,000	\$ 1,025,000
Other Liabilities	<u>18,249</u>	<u>34,303</u>	<u>52,552</u>	<u>2,280</u>	<u>48,696</u>	<u>50,976</u>
Total Liabilities	<u>\$ 18,249</u>	<u>\$ 859,303</u>	<u>\$ 877,552</u>	<u>\$ 2,280</u>	<u>\$ 1,073,696</u>	<u>\$ 1,075,976</u>
Net Assets:						
Invested in Capital Assets	\$ 2,021,299	\$ 4,766,639	\$ 6,787,938	\$ 2,107,895	\$ 4,710,045	\$ 6,817,940
Restricted	<u>952,815</u>	<u>-</u>	<u>952,815</u>	<u>869,302</u>	<u>-</u>	<u>869,302</u>
Unrestricted	<u>226,947</u>	<u>466,163</u>	<u>693,110</u>	<u>202,195</u>	<u>476,304</u>	<u>678,499</u>
Total Net Assets	<u>\$ 3,201,061</u>	<u>\$ 5,232,802</u>	<u>\$ 8,433,863</u>	<u>\$ 3,179,392</u>	<u>\$ 5,186,349</u>	<u>\$ 8,365,741</u>

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	March 31, 2006			March 31, 2005		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program Revenues						
Charges for Services	\$ 102,742	\$ 855,994	\$ 958,736	\$ 114,238	\$ 767,845	\$ 882,083
Operating Grants and Contributions	19,710	-	19,710	107,632	-	107,632
General Revenues						
Property Taxes	344,002	-	344,002	334,130	-	334,130
State Shared Revenues	136,630	-	136,630	134,437	-	134,437
Unrestricted Investments						
Earnings	33,568	12,477	46,045	25,963	3,860	29,823
Miscellaneous	21,466	-	21,466	7,950	-	7,950
Total Revenues	658,118	868,471	1,526,589	724,350	771,705	1,496,055
Program Expenses						
Legislative	\$ 49,557	\$ -	\$ 49,557	\$ 48,661	\$ -	\$ 48,661
General Government	139,819	-	139,819	144,214	-	144,214
Public Safety	315,086	-	315,086	275,547	-	275,547
Public Works	23,075	324,196	347,271	24,289	262,907	287,196
Recreation and Cultural	158,913	447,819	606,732	141,143	460,510	601,653
Total Expenses	686,450	772,015	1,458,465	633,854	723,417	1,357,271
Transfers	50,000	(50,000)	-	-	-	-
Change in Net Assets	\$ 21,668	\$ 46,456	\$ 68,124	\$ 90,496	\$ 48,288	\$ 138,784

Capital Asset and Debt Administration

Capital assets: The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounts to \$2,021,299. This investment in capital assets includes: several parcels of land, Library, Fire and Rescue buildings, Fire and Rescue Trucks and Equipment, and Office Equipment and Computers. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives. This fiscal year the amount by which depreciation exceeded capital outlays was \$84,428.

Cash Assets: At the end of the current fiscal year, the Township had \$1,569,251 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds, and we have made no changes in our investment strategy in several years.

Long-term Debt: At the end of the current fiscal year, the Township had \$825,000 in bonded sewer debt outstanding.

Pension Plan: The Township makes contributions equal to approximately 10.4% of each employee's wage to Municipal Retirement Systems, Inc. on behalf of each participating employee. This is an expensed item in the budget and totaled \$8,000 for the fiscal year.

Currently Know Facts, Decisions, or Conditions Expected to Significantly Effect Next Year and Beyond: The Harbor Renovation Project that was expected to begin in September 2006 appears to be delayed at the State level with the backlog at the DNR. The majority of the project will probably need to be put off until the Fall of 2007, though it is hopeful that some of the more emergent problems, like electrical upgrades, will be done sooner to handle the boating season next summer.

Fire and Rescue service is in the process of being completely changed with the integration of paid staff with volunteers. This has become necessary because of the loss of volunteers who are able to live and work in the Township and be available to respond to calls. Cross training Medical First Responders/Emergency Medical Technicians and firefighters will initially add to the training costs, but will be a much more efficient way to staff the stations. Future station needs and requirements will need to be met to accommodate additional staffing.

The Township voters just passed an additional operating millage to offset some of the revenues lost by the Headlee Amendment rollbacks. The additional tax revenue will be primarily used to provide additional funding to the library for maintenance and equipment repair/replacement at Township facilities and parks to improve maintenance facility for use in the winter, to hire a year-round maintenance person, and for road and sidewalk repairs.

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Requests for Information

This financial report is designed to provide a general overview of Leland Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Jane Keen, Township Clerk, P. O. Box 1112, Leland, MI 49654.

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Leland Township Statement of Net Assets March 31, 2006

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,154,170	\$ 401,511	\$ 1,555,681
Investments	13,570	-	13,570
Accounts Receivable	-	97,527	97,527
Taxes Receivable – Current	19,818	1,428	21,246
Due from Other Activities	10,385	-	10,385
Prepaid Expenditures	68	-	68
Capital Assets:			
Land	1,453,350	2,299	1,455,649
Other Capital Assets, Net of Depreciation	<u>567,949</u>	<u>5,589,340</u>	<u>6,157,289</u>
Total Assets	<u>3,219,310</u>	<u>6,092,105</u>	<u>9,311,415</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	18,249	23,917	42,166
Due to Other Activities	-	10,386	10,386
Long-term Liabilities, Net of Discounts:			
Due Within One Year	-	200,000	200,000
Due in More Than One Year	<u>-</u>	<u>625,000</u>	<u>625,000</u>
Total Liabilities	<u>18,249</u>	<u>859,303</u>	<u>877,552</u>
<u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt	2,021,299	4,766,639	6,787,938
Restricted	952,815	-	952,815
Unrestricted	<u>226,947</u>	<u>466,163</u>	<u>693,110</u>
Total Net Assets	<u>\$ 3,201,061</u>	<u>\$ 5,232,802</u>	<u>\$ 8,433,863</u>

See Accompanying Notes to Basic Financial Statements

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Leland Township Statement of Activities March 31, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		Total
		Fees and Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Legislative	\$ 49,557	\$ -	\$ -	\$ (49,557)	\$ -	\$ (49,557)
General Government	139,819	31,666	4,800	(103,353)	-	(103,353)
Public Safety	315,086	46,063	3,594	(265,429)	-	(265,429)
Public Works	23,075	873	5,285	(16,917)	-	(16,917)
Recreation and Cultural	<u>158,913</u>	<u>24,140</u>	<u>6,031</u>	<u>(128,742)</u>	<u>-</u>	<u>(128,742)</u>
Total Governmental Activities	<u>686,450</u>	<u>102,742</u>	<u>19,710</u>	<u>(563,998)</u>	<u>-</u>	<u>(563,998)</u>
Business-type Activities:						
Marina	447,819	534,463	-	-	86,644	86,644
Sewer	<u>324,196</u>	<u>321,531</u>	<u>-</u>	<u>-</u>	<u>(2,665)</u>	<u>(2,665)</u>
Total Business-type Activities	<u>772,015</u>	<u>855,994</u>	<u>-</u>	<u>-</u>	<u>83,979</u>	<u>83,979</u>
Total	<u>\$ 1,458,465</u>	<u>\$ 958,736</u>	<u>\$ 19,710</u>	<u>(563,998)</u>	<u>83,979</u>	<u>(480,019)</u>
General Revenues:						
Taxes				344,002	-	344,002
State Shared Revenues				136,630	-	136,630
Investment Earnings				33,568	12,477	46,045
Miscellaneous				<u>21,466</u>	<u>-</u>	<u>21,466</u>
Total General Revenues				<u>535,666</u>	<u>12,477</u>	<u>548,143</u>
Transfers				<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Change in Net Assets				21,668	46,456	68,124
Net Assets – Beginning				<u>3,179,393</u>	<u>5,186,346</u>	<u>8,365,739</u>
Net Assets – Ending				<u>\$ 3,201,061</u>	<u>\$ 5,232,802</u>	<u>\$ 8,433,863</u>

See Accompanying Notes to Basic Financial Statements

Leland Township
Balance Sheet
Governmental Funds
March 31, 2006

	General Fund	Fire and Rescue Fund	Library Fund	Marina Improvement Fund	Fire Building and Equipment Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>							
Cash and Cash Equivalents	\$ 204,287	\$ 43,286	\$ 182,044	\$ 482,893	\$ 219,122	\$ 22,538	\$ 1,154,170
Investments	-	-	13,570	-	-	-	13,570
Taxes Receivable - Current	8,512	5,653	-	-	5,653	-	19,818
Due from Other Funds	13,375	-	-	-	-	-	13,375
Prepaid Expenditures	-	68	-	-	-	-	68
Total	<u>\$ 226,174</u>	<u>\$ 49,007</u>	<u>\$ 195,614</u>	<u>\$ 482,893</u>	<u>\$ 224,775</u>	<u>\$ 22,538</u>	<u>\$ 1,201,001</u>

Liabilities and Fund Equity

<u>Liabilities:</u>							
Accounts Payable	\$ 10,533	\$ 6,291	\$ 1,425	\$ -	\$ -	-	\$ 18,249
Due to Other Funds	-	2,990	-	-	-	-	2,990
Deferred Revenue	8,512	5,653	-	-	5,653	-	19,818
Total	<u>19,045</u>	<u>14,934</u>	<u>1,425</u>	<u>-</u>	<u>5,653</u>	<u>-</u>	<u>41,057</u>
<u>Fund Equity:</u>							
Fund Balance - Reserved	-	-	10,278	-	-	-	10,278
Fund Balance - Unreserved	207,129	34,073	183,911	482,893	219,122	22,538	1,149,666
Total	<u>207,129</u>	<u>34,073</u>	<u>194,189</u>	<u>482,893</u>	<u>219,122</u>	<u>22,538</u>	<u>1,159,944</u>
Total Liabilities and Fund Equity	<u>\$ 226,174</u>	<u>\$ 49,007</u>	<u>\$ 195,614</u>	<u>\$ 482,893</u>	<u>\$ 224,775</u>	<u>\$ 22,538</u>	

Amounts reported for governmental activities on the statement of net assets are different because:

Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.

2,021,299

Receivables of property taxes are not deferred in the statement of net assets.

19,818

Net assets of governmental activities.

\$ 3,201,061

See Accompanying Notes to Basic Financial Statements

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Leland Township Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended March 31, 2006

	General Fund	Fire and Rescue Fund	Library Fund	Marina Improvement Fund	Fire Building and Equipment Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>							
Taxes	\$ 153,021	\$ 94,551	\$ -	\$ -	\$ 94,262	\$ -	\$ 341,834
Licenses and Permits	6,525	-	-	-	-	-	6,525
Federal Grants	4,800	-	-	-	-	-	4,800
State Grants	139,722	-	2,939	-	-	8,879	151,540
Charges for Services	34,859	37,218	8,719	-	-	-	80,796
Fines and Forfeits	-	-	15,421	-	-	-	15,421
Interest and Rents	7,282	-	6,115	15,982	4,189	-	33,568
Other	3,055	100	18,311	-	-	-	21,466
Total	349,264	131,869	51,505	15,982	98,451	8,879	655,950
<u>Expenditures</u>							
Legislative	39,389	-	-	-	-	-	39,389
General Government	113,545	-	-	-	-	-	113,545
Public Safety	52,395	174,509	-	-	-	5,000	231,904
Public Works	14,788	-	-	-	-	-	14,788
Recreation and Cultural	38,766	-	105,915	-	-	-	144,681
Other	31,535	-	-	-	-	-	31,535
Capital Outlay	6,303	17,709	-	-	-	-	24,012
Total	296,721	192,218	105,915	-	-	5,000	599,854
Excess Revenues (Expenditures)	52,543	(60,349)	(54,410)	15,982	98,451	3,879	56,096
<u>Other Financing Sources (Uses)</u>							
Operating Transfers In	-	12,319	40,000	50,000	-	-	102,319
Operating Transfers (Out)	(40,000)	-	-	-	(12,319)	-	(52,319)
Total	(40,000)	12,319	40,000	50,000	(12,319)	-	50,000
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	12,543	(48,030)	(14,410)	65,982	86,132	3,879	106,096
Fund Balance – Beginning of Year	194,586	82,103	208,599	416,911	132,990	18,659	1,053,848
Fund Balance – End of Year	\$ 207,129	\$ 34,073	\$ 194,189	\$ 482,893	\$ 219,122	\$ 22,538	\$ 1,159,944

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Activities
For the Year Ended March 31, 2006

Net change in fund balances -- total governmental funds	\$ 106,096
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(84,428)</u>
Changes in net assets of governmental activities	<u>\$ 21,668</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township
Statement of Net Assets
Proprietary Funds
March 31, 2006

	<u>Business Type Activities – Enterprise Funds</u>		
<u>Assets</u>	<u>Sewer</u>	<u>Marina</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 107,568	\$ 293,943	\$ 401,511
Accounts Receivable	98,955	-	98,955
Capital Assets:			
Land	-	2,299	2,299
Other Capital Assets, Net of Depreciation	<u>5,322,466</u>	<u>266,875</u>	<u>5,589,341</u>
Total Assets	<u>5,528,989</u>	<u>563,117</u>	<u>6,092,106</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	23,918	-	23,918
Due to Other Activities	167	10,219	10,386
Long-term Liabilities, Net of Discounts:			
Due Within One Year	200,000	-	200,000
Due in More Than One Year	<u>625,000</u>	<u>-</u>	<u>625,000</u>
Total Liabilities	<u>849,085</u>	<u>10,219</u>	<u>859,304</u>
<u>Net Assets</u>			
Invested in Capital and Intangible Assets, Net of Related Debt	4,497,466	269,174	4,766,640
Unrestricted	<u>182,438</u>	<u>283,725</u>	<u>466,163</u>
Total Net Assets	<u>\$ 4,679,904</u>	<u>\$ 552,899</u>	<u>\$ 5,232,803</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended March 31, 2006

	<u>Business Type Activities – Enterprise Funds</u>		
	<u>Sewer</u>	<u>Marina</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for Services	<u>\$ 321,531</u>	<u>\$ 534,463</u>	<u>\$ 855,994</u>
Total	<u>321,531</u>	<u>534,463</u>	<u>855,994</u>
<u>Operating Expenses</u>			
Salaries and Wages	9,417	59,077	68,494
Fringe Benefits	1,314	6,272	7,586
Supplies	734	6,285	7,019
Gas, Oil and Fuel	-	286,725	286,725
Contractual Services	81,200	1,661	82,861
Trash Removal	951	931	1,882
Legal and Auditing	7,866	1,316	9,182
Communications	2,343	1,235	3,578
Licenses and Permits	3,650	-	3,650
Insurance and Bonds	4,569	6,089	10,658
Public Utilities	15,532	13,692	29,224
Maintenance and Repairs	7,133	13,567	20,700
Depreciation	143,285	25,961	169,246
Licenses and Fees	-	204	204
Other and Credit Card Fees	2,830	12,804	15,634
Administration Fee	-	12,000	12,000
Interest	<u>43,372</u>	<u>-</u>	<u>43,372</u>
Total Operating Expenses	<u>324,196</u>	<u>447,819</u>	<u>772,015</u>
Operating (Loss)	<u>(2,665)</u>	<u>86,644</u>	<u>83,979</u>
<u>Non-operating Income (Expense)</u>			
Interest Income	1,595	10,882	12,477
Transfer Out	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total Non-operating Income (Expense)	<u>1,595</u>	<u>(39,118)</u>	<u>(37,523)</u>
<u>Net Income (Loss)</u>	<u>(1,070)</u>	<u>47,526</u>	<u>46,456</u>
Depreciation Transferred to Contributions	89,302	-	89,302
<u>Retained Earnings – Beginning of Year</u>	<u>744,031</u>	<u>504,804</u>	<u>1,248,835</u>
<u>Retained Earnings – End of Year</u>	<u>\$ 832,263</u>	<u>\$ 552,330</u>	<u>\$ 1,384,593</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township Statement of Cash Flows Proprietary Funds For the Year Ended March 31, 2006

	<u>Business Type Activities – Enterprise Funds</u>		
	<u>Sewer</u>	<u>Marina</u>	<u>Total</u>
<u>Operating Activities</u>			
Collections of Charges for Services	\$ 333,395	\$ 534,463	\$ 867,858
Collections of Interest	1,595	10,882	12,477
Deduct Expenses Using Cash and Cash Equivalents	(184,617)	(432,547)	(617,164)
Deduct Transfer to Other Funds	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Net Cash Flow from Operating Activities	<u>150,373</u>	<u>62,798</u>	<u>213,171</u>
<u>Investing Activities</u>			
Purchase of Property and Equipment	<u>-</u>	<u>(25,841)</u>	<u>(25,841)</u>
Net Cash Flow Used by Investing Activities	<u>-</u>	<u>(25,841)</u>	<u>(25,841)</u>
<u>Capital Financing Activities</u>			
Principal Payments	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Cash Flow Used by Capital Financing Activities	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
<u>Net Increase (Decrease) in Cash</u>	<u>(49,627)</u>	<u>36,957</u>	<u>(12,670)</u>
<u>Balance of Cash – Beginning of Year</u>	<u>157,195</u>	<u>256,986</u>	<u>414,181</u>
<u>Balance of Cash – End of Year</u>	<u>\$ 107,568</u>	<u>\$ 293,943</u>	<u>\$ 401,511</u>
 Net Income (Loss)	 \$ (1,070)	 \$ 47,526	 \$ 46,456
Add Depreciation	143,285	25,961	169,246
Decrease in Receivables	11,864	-	11,864
(Increase) in Payables	<u>(3,706)</u>	<u>(10,689)</u>	<u>(14,395)</u>
Net Cash Flow from Operating Activities	<u>\$ 150,373</u>	<u>\$ 62,798</u>	<u>\$ 213,171</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township
Statement of Fiduciary Net Assets
March 31, 2006

Assets

Cash and Investments	\$ 29,561
Total Assets	<u>29,561</u>

Liabilities

Undistributed Taxes and Interest	<u>29,561</u>
Total Liabilities	<u>29,561</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township
Notes to Financial Statements
March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Leland Township is a general law township located in Leelanau County, Michigan. Population as of the 2000 census was 2,033, and the current State equalized valuation of the year of audit was \$520,979,799.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Tobin & Co.

Leland Township
Notes to Financial Statements
March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Permanent Funds -- These funds are used to account for resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for purposes that support the reporting government's programs.

Proprietary Funds

These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net assets.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

Tobin & Co.

Leland Township
Notes to Financial Statements
March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$1,000 to \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	20 years
Sewer Systems	50 years
Buildings	40 years
Building Improvements	25 years
Vehicles	10 years
Furniture and Fixtures	10 years
Equipment	5 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$520,979,799	\$295,346,564	.4840
Fire Protection	\$520,979,799	\$295,346,564	.6428

G. Special Assessment Revenue

Special Assessment Revenue is recognized in the year of levy. The Township has elected to recognize advance payments of special assessments as revenue upon receipt rather than allocating a portion of such payments to each year's levy.

H. Investments

Township investments at March 31, 2006 consisted primarily of Money Market funds which are legal for direct investment by local units of government in Michigan.

I. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Township considers all short-term debt securities purchased with a remaining maturity of three months or less when purchased to be cash equivalents.

Tobin & Co.

Leland Township Notes to Financial Statements March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no material violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2006.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2006, the Township incurred expenditures in excess of amounts appropriated without formal budget amendment as follows:

General Fund – Legislative	\$	341
Library Fund	\$	1,415

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) In repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) In obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

Tobin & Co.

Leland Township Notes to Financial Statements March 31, 2006

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

B. Types of Deposits and Investments

The Township had \$1,606,800 deposited with local financial institutions at March 31, 2006 with a carrying value of \$1,569,251. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$1,293,230 of uninsured deposits at March 31, 2006.

Investments of \$13,570 are carried at market value and are primarily money market funds which are legal for direct investment by local units of government in Michigan.

NOTE 4 - ACCOUNTS RECEIVABLE

\$97,527 of accounts receivable represents uncollected sewer usage, connection and tap fees as of March 31, 2006.

NOTE 5 - LOANS AND TRANSFERS BETWEEN FUNDS

The following is a summary of interfund receivables/payables as of March 31, 2006:

	<u>Fire and Rescue Fund</u>	<u>Sewer Fund</u>	<u>Marina Fund</u>	<u>Total</u>
Due From:				
Due To:				
General	\$ 2,989	\$ 168	\$ 10,218	\$ 13,375
Sewer Fund	-	-	569	569
	<u>\$ 2,989</u>	<u>\$ 168</u>	<u>\$ 10,787</u>	<u>\$ 13,944</u>

During the audit year the General Fund transferred \$40,000 to the Library Fund, the Fire Building and Equipment Fund transferred \$12,319 to the Fire and Rescue Fund, and the Marina Fund transferred \$50,000 to the Marina Improvement Fund.

NOTE 6 - CAPITAL ASSETS

	<u>03/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/06</u>
Governmental Activities:				
Land and Improvements	\$ 1,619,081	\$ -	\$ -	\$ 1,619,081
Buildings and Improvements	134,525	-	-	134,525
Vehicles and Equipment	<u>1,021,934</u>	<u>-</u>	<u>-</u>	<u>1,021,934</u>
Total	2,775,540	-	-	2,775,540
Less Accumulated Depreciation	<u>(667,645)</u>	<u>(86,596)</u>	<u>-</u>	<u>(754,241)</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,107,895</u>	<u>\$ (86,596)</u>	<u>\$ -</u>	<u>\$ 2,021,299</u>
Business-type Activities:				
Land and Improvements	\$ 57,135	\$ 25,841	\$ -	\$ 82,976
Buildings and Improvements	618,632	-	-	618,632
Equipment	146,528	-	-	146,528
Sewer Systems	<u>7,066,131</u>	<u>-</u>	<u>-</u>	<u>7,066,131</u>
Total	7,888,426	25,841	-	7,914,267
Less Accumulated Depreciation	<u>(2,153,381)</u>	<u>(169,247)</u>	<u>-</u>	<u>(2,322,628)</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,735,045</u>	<u>\$ (143,406)</u>	<u>\$ -</u>	<u>\$ 5,591,639</u>

Tobin & Co.

Leland Township Notes to Financial Statements March 31, 2006

NOTE 7 - LONG-TERM DEBT

On November 1, 1991, Leland County issued \$2,900,000 of sewage disposal bonds at interest rates ranging from 9.375% to 4.375% with principal payments due May 1 and interest payments due May 1 and November 1. The proceeds were used to construct a sanitary sewer system in Leland Township.

Changes in long-term debt consist of retirement of \$200,000 of the above bonds.

Debt service requirements to maturity:

	Enterprise Funds	
	<u>Sewage Disposal Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 200,000	\$ 33,844
2007	200,000	22,969
2008	200,000	14,219
2009	200,000	5,469
2010	25,000	546
	<u>\$ 825,000</u>	<u>\$ 77,047</u>

NOTE 8 - INVENTORIES

Leland Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses at time of purchase.

NOTE 9 - RETIREMENT PLAN

The Township has a defined contribution pension plan for Michigan Township employees under contract with the Manufacturers Life Insurance Company. Listed below is a summary of the significant plan provisions adopted by Board resolution in June 1969 and amended in June 1996:

A. Eligibility Requirements

1. Attained age of 18 and not more than 75.
2. No minimum service requirement.
3. All elected officials and the assessor.

B. Contributions

1. A percentage of annual compensation funded entirely by the Township on an annual basis.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 100% of required annual contribution.

C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of services, death, disability, or normal retirement at 100% after 18 months of service.

D. Plan Administration

1. The plan is administered by the Township Clerk.

During the audit year, the total contribution for was \$8,000. Covered payroll for the year was \$72,800 with total payroll for all employees of \$274,975. The plan was funded at the required contribution amount.

Tobin & Co.

Leland Township Notes to Financial Statements March 31, 2006

NOTE 10- DEFERRED COMPENSATION PLAN

Leland Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by Aetna Life and Annuity Co. and is available to all employees. The plan allows employees to defer a portion of their salary until a future date. It becomes available to the employee at death, termination, retirement or disability.

NOTE 11- COMPENSATED ABSENCES

Township employees do not earn compensated absences.

NOTE 12- CONTINGENT LIABILITIES

Township management is aware of no contingent liabilities on the part of the Township.

NOTE 13- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan and Burnham and Flowers Insurance Agency and Michigan Municipal League Workmen's Compensation Fund. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 14- SEGMENT INFORMATION – ENTERPRISE FUND

The Township maintains two enterprise funds, one of which provides sewer services and the other marina services. Segment information for the year ended March 31, 2006 was as follows:

	<u>Sewer Fund</u>	<u>Marina Fund</u>
Operating Revenues	\$ 321,531	\$ 534,463
Depreciation, Depletion and Amortization Expense	143,285	25,961
Operating Income (loss)	(2,665)	86,644
Net Income (loss)	(1,070)	47,526
Net Working Capital	(17,562)	283,724
Total Assets	5,528,989	563,117
Bonds and Other Long-Term Liabilities:		
Payable from Operating Revenues	825,000	-
Total Equity	4,679,904	552,899

NOTE 15- OPERATING LEASE

The Township rents its office facilities under a lease expiring July 19, 2008. Rent expense under the above lease was \$12,000 for the year ended March 31, 2006.

Guaranteed lease payments under the above lease are as follows:

Year Ended March 31,	
2007	\$ 12,000
2008	12,000
2009	<u>4,000</u>
	<u>\$ 28,000</u>

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2006

Schedule 1
Page 1

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Property Taxes	\$ 140,589	\$ 140,589	\$ 145,049	\$ 4,460
Penalties and Interest on Taxes	14,000	14,000	7,972	(6,028)
Licenses and Permits:				
Land Use Permits	4,300	4,300	6,525	2,225
Federal Grants:				
Election	-	4,800	4,800	-
State Grants:				
State Shared Revenues	137,000	137,000	136,630	(370)
Coastal Zone Management	12,000	12,000	3,092	(8,908)
Charges for Services:				
Summer Tax Collection	12,000	12,000	11,463	(537)
Fees	20,000	20,000	21,326	1,326
Sales	600	600	2,070	1,470
Interest and Rents:				
Interest	1,500	1,500	7,282	5,782
Other:				
Refunds and Reimbursements	1,500	1,500	2,333	833
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>722</u>	<u>(778)</u>
Total Revenues	<u>344,989</u>	<u>349,789</u>	<u>349,264</u>	<u>(525)</u>
 <u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	3,800	-
Supplies and Postage	-	-	326	-
Contractual Services	-	-	472	-
Legal Services	-	-	4,422	-
Audit and Accounting	-	-	6,252	-
Communications	-	-	1,754	-
Printing and Publishing	-	-	593	-
Dues	-	-	4,343	-
Public Utilities	-	-	2,381	-
Maintenance and Repairs	-	-	1,060	-
Rent	-	-	12,000	-
Other	<u>-</u>	<u>-</u>	<u>1,986</u>	<u>-</u>
Total	<u>33,775</u>	<u>38,575</u>	<u>39,389</u>	<u>(814)</u>
Total Legislative	<u>33,775</u>	<u>38,575</u>	<u>39,389</u>	<u>(814)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2006

Schedule 1
Page 2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	18,500	-
Transportation and Travel	-	-	262	-
Education	-	-	199	-
Total	<u>19,825</u>	<u>19,225</u>	<u>18,961</u>	<u>264</u>
Elections:				
Salaries and Wages	-	-	565	-
Supplies and Postage	-	-	788	-
Total	<u>300</u>	<u>300</u>	<u>1,353</u>	<u>(1,053)</u>
Assessor:				
Supplies and Postage	-	-	1,725	-
Contractual Services	-	-	24,149	-
Maintenance and Repairs	-	-	700	-
Total	<u>26,863</u>	<u>26,863</u>	<u>26,574</u>	<u>289</u>
Clerk:				
Salaries and Wages	-	-	26,500	-
Supplies and Postage	-	-	1,052	-
Accounting	-	-	325	-
Transportation and Travel	-	-	420	-
Maintenance and Repairs	-	-	47	-
Education and Training	-	-	199	-
Total	<u>28,775</u>	<u>28,775</u>	<u>28,543</u>	<u>232</u>
Board of Review:				
Salaries and Wages	-	-	700	-
Printing and Publishing	-	-	123	-
Education and Training	-	-	5	-
Total	<u>645</u>	<u>845</u>	<u>828</u>	<u>17</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2006

Schedule 1
Page 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	24,253	-
Supplies and Postage	-	-	4,255	-
Accounting	-	-	805	-
Transportation and Travel	-	-	448	-
Printing and Publishing	-	-	228	-
Maintenance and Repairs	-	-	855	-
Education and Training	-	-	199	-
Other	-	-	38	-
Total	<u>34,700</u>	<u>31,000</u>	<u>31,081</u>	<u>(81)</u>
Cemetery:				
Salaries and Wages	-	-	4,148	-
Supplies	-	-	114	-
Maintenance and Repairs	-	-	1,643	-
Other	-	-	300	-
Total	<u>4,885</u>	<u>6,285</u>	<u>6,205</u>	<u>80</u>
Total General Government	<u>115,993</u>	<u>113,293</u>	<u>113,545</u>	<u>(252)</u>
Public Safety:				
Planning:				
Salaries and Wages	-	-	17,178	-
Supplies	-	-	709	-
Contractual	-	-	21,972	-
Legal	-	-	6,659	-
Dues	-	-	300	-
Transportation and Travel	-	-	1,266	-
Printing and Publishing	-	-	581	-
Education and Training	-	-	1,295	-
Total	<u>56,600</u>	<u>53,800</u>	<u>49,960</u>	<u>3,840</u>
Zoning:				
Salaries and Wages	-	-	1,255	-
Supplies	-	-	4	-
Contractual	-	-	544	-
Dues	-	-	300	-
Printing and Publishing	-	-	332	-
Total	<u>2,380</u>	<u>2,480</u>	<u>2,435</u>	<u>45</u>
Total Public Safety	<u>58,980</u>	<u>56,280</u>	<u>52,395</u>	<u>3,885</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2006

Schedule 1
Page 4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Public Works:				
Roads and Sidewalks:				
Contractual Services	<u>3,700</u>	<u>3,700</u>	<u>2,183</u>	<u>1,517</u>
Street Lighting:				
Contractual Services	<u>13,000</u>	<u>13,000</u>	<u>12,605</u>	<u>395</u>
Total Public Works	<u>16,700</u>	<u>16,700</u>	<u>14,788</u>	<u>1,912</u>
Recreation and Cultural:				
Parks and Recreation:				
Salaries and Wages	-	-	12,674	-
Supplies	-	-	1,568	-
Contractual Services	-	-	8,544	-
Trash Removal	-	-	1,781	-
Sewer Use	-	-	3,639	-
Public Utilities	-	-	699	-
Maintenance and Repairs	-	-	9,406	-
Other	<u>-</u>	<u>-</u>	<u>455</u>	<u>-</u>
Total Recreation and Cultural	<u>37,750</u>	<u>38,350</u>	<u>38,766</u>	<u>(416)</u>
Other:				
Employee Benefits and Insurance	<u>34,091</u>	<u>34,091</u>	<u>31,535</u>	<u>2,556</u>
Total	<u>34,091</u>	<u>34,091</u>	<u>31,535</u>	<u>2,556</u>
Capital Outlay	<u>1,500</u>	<u>6,300</u>	<u>6,303</u>	<u>(3)</u>
Total Expenditures	<u>298,789</u>	<u>303,589</u>	<u>296,721</u>	<u>6,868</u>
<u>Excess Revenues (Expenditures)</u>	<u>46,200</u>	<u>46,200</u>	<u>52,543</u>	<u>6,343</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Total	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ 6,200</u>	<u>\$ 6,200</u>	<u>12,543</u>	<u>\$ 6,343</u>
Fund Balance -- Beginning of Year			<u>194,586</u>	
Fund Balance -- End of Year			<u>\$ 207,129</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Metro Authority Fund
For the Year Ended March 31, 2006

Schedule 2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
State Shared Revenues	\$ 4,000	\$ 4,000	\$ 5,285	\$ 1,285
Total	4,000	4,000	5,285	1,285
<u>Expenditures</u>	-	-	-	-
<u>Excess Revenues (Expenditures)</u>	\$ 4,000	\$ 4,000	5,285	\$ 1,285
Fund Balance – Beginning of Year			6,997	
Fund Balance – End of Year			\$ 12,282	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire and Rescue Fund
For the Year Ended March 31, 2006

Schedule 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Property Taxes	\$ 95,312	\$ 95,312	\$ 94,551	\$ (761)
Charges for Services:				
Run Fees	20,000	20,000	37,218	17,218
Other:				
Miscellaneous	-	-	100	100
Total Revenues	<u>115,312</u>	<u>115,312</u>	<u>131,869</u>	<u>16,557</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	56,267	-
Social Security and Medicare	-	-	4,288	-
Unemployment	-	-	2,403	-
Supplies	-	-	9,304	-
Contractual	-	-	46,613	-
Trash and Snow Removal	-	-	917	-
Accounting and Auditing	-	-	500	-
Dues	-	-	240	-
Sewer Use	-	-	922	-
Communications	-	-	1,256	-
Transportation and Travel	-	-	2,810	-
Printing and Publishing	-	-	158	-
Insurance and Bonds	-	-	18,565	-
Public Utilities	-	-	8,155	-
Maintenance and Repairs	-	-	11,431	-
Licenses and Fees	-	-	602	-
Other	-	-	2,807	-
Medical	-	-	6,171	-
Education and Training	-	-	1,100	-
Capital Outlay	-	-	17,709	-
Total	<u>193,657</u>	<u>193,657</u>	<u>192,218</u>	<u>1,439</u>
<u>Excess Revenues (Expenditures)</u>	<u>(78,345)</u>	<u>(78,345)</u>	<u>(60,349)</u>	<u>17,996</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	17,700	17,700	12,319	(5,381)
Operating Transfers (Out)	-	-	-	-
Total	<u>17,700</u>	<u>17,700</u>	<u>12,319</u>	<u>(5,381)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	(1) <u>\$ (60,645)</u>	<u>\$ (60,645)</u>	<u>(48,030)</u>	<u>\$ 12,615</u>
Fund Balance – Beginning of Year			<u>82,103</u>	
Fund Balance – End of Year			<u>\$ 34,073</u>	

(1) Budgeted from Fund Balance

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Liquor Law Enforcement Fund
For the Year Ended March 31, 2006

Schedule 4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
State Grants:				
License Refunds from State	\$ 3,550	\$ 3,550	\$ 3,594	\$ 44
Total	3,550	3,550	3,594	44
<u>Expenditures</u>				
Contractual Services	5,000	5,000	5,000	-
Total	5,000	5,000	5,000	-
<u>Excess Revenues (Expenditures)</u>	(1) \$ (1,450)	\$ (1,450)	(1,406)	\$ 44
Fund Balance -- Beginning of Year			11,162	
Fund Balance -- End of Year			\$ 9,756	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Library Fund For the Year Ended March 31, 2006

Schedule 5

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
State Grants:				
State Aid	\$ 1,700	\$ 1,700	\$ 2,939	\$ 1,239
Charges for Services:				
Fees	3,600	3,600	5,068	1,468
Sales	3,000	3,000	3,651	651
Fines and Forfeits:				
Penal Fines	15,000	15,000	14,761	(239)
Book Fines	150	150	660	510
Interest and Rents:				
Interest and Dividends	-	-	6,115	6,115
Other:				
Donations	18,000	18,000	15,675	(2,325)
Unrealized Gain on Investments	-	-	2,636	2,636
Miscellaneous	<u>23,050</u>	<u>23,050</u>	<u>-</u>	<u>(23,050)</u>
Total Revenues	<u>64,500</u>	<u>64,500</u>	<u>51,505</u>	<u>(12,995)</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	41,207	-
Social Security and Medicare	-	-	3,064	-
Unemployment	-	-	1,929	-
Medical Reimbursement	-	-	1,000	-
Supplies	-	-	3,660	-
Trash and Snow Removal	-	-	746	-
Accounting and Auditing	-	-	1,000	-
Dues	-	-	1,519	-
Sewer Use	-	-	533	-
Communications	-	-	1,625	-
Transportation and Travel	-	-	331	-
Printing and Publishing	-	-	242	-
Insurance and Bonds	-	-	2,040	-
Public Utilities	-	-	7,852	-
Maintenance and Repairs	-	-	10,452	-
Other	-	-	582	-
Collection	<u>-</u>	<u>-</u>	<u>28,133</u>	<u>-</u>
Total	<u>104,500</u>	<u>104,500</u>	<u>105,915</u>	<u>(1,415)</u>
<u>Excess Revenues (Expenditures)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>(54,410)</u>	<u>(14,410)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	40,000	40,000	40,000	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(14,410)</u>	<u>\$ (14,410)</u>
Fund Balance – Beginning of Year			<u>208,599</u>	
Fund Balance – End of Year			<u>\$ 194,189</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Marina Improvement Fund
For the Year Ended March 31, 2006

Schedule 6

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ 5,700	\$ 5,700	\$ 15,982	\$ 10,282
Total	5,700	5,700	15,982	10,282
<u>Expenditures</u>	-	-	-	-
Total	-	-	-	-
<u>Excess Revenues (Expenditures)</u>	5,700	5,700	15,982	10,282
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	50,205	50,205	50,000	(205)
Operating Transfers (Out)	(16,000)	(16,000)	-	16,000
Total	34,205	34,205	50,000	15,795
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	\$ 39,905	\$ 39,905	65,982	\$ 26,077
Fund Balance – Beginning of Year			416,911	
Fund Balance – End of Year			\$ 482,893	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire Building and Equipment Fund
For the Year Ended March 31, 2006

Schedule 7

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes:				
Property Taxes	\$ 95,312	\$ 95,312	\$ 94,262	\$ (1,050)
Interest and Rents:				
Interest	<u>2,000</u>	<u>2,000</u>	<u>4,189</u>	<u>2,189</u>
Total	<u>97,312</u>	<u>97,312</u>	<u>98,451</u>	<u>1,139</u>
<u>Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess Revenues (Expenditures)</u>	<u>97,312</u>	<u>97,312</u>	<u>98,451</u>	<u>1,139</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(17,700)</u>	<u>(17,700)</u>	<u>(12,319)</u>	<u>5,381</u>
Total	<u>(17,700)</u>	<u>(17,700)</u>	<u>(12,319)</u>	<u>5,381</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ 79,612</u>	<u>\$ 79,612</u>	<u>86,132</u>	<u>\$ 6,520</u>
Fund Balance – Beginning of Year			<u>132,990</u>	
Fund Balance – End of Year			<u>\$ 219,122</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2006

Schedule 8

	<u>Special Revenue</u>		<u>Permanent Fund</u>	
<u>Assets</u>	<u>Liquor Law Enforcement</u>	<u>Metro Authority</u>	<u>Perpetual Care</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 9,756	\$ 12,282	\$ 500	\$ 22,538
Total Assets	<u>\$ 9,756</u>	<u>\$ 12,282</u>	<u>\$ 500</u>	<u>\$ 22,538</u>
 <u>Liabilities and Fund Equity</u>				
Liabilities:				
Total	-	-	-	-
Fund Equity:				
Fund Balance -- Unreserved	9,756	12,282	500	22,538
Total	<u>9,756</u>	<u>12,282</u>	<u>500</u>	<u>22,538</u>
Total Liabilities and Fund Balance	<u>\$ 9,756</u>	<u>\$ 12,282</u>	<u>\$ 500</u>	<u>\$ 22,538</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non-Major Governmental Funds March 31, 2006

Schedule 9

	<u>Special Revenue</u>		<u>Permanent Fund</u>	
	<u>Liquor Law Enforcement</u>	<u>Metro Authority</u>	<u>Perpetual Care</u>	<u>Total</u>
<u>Revenues</u>				
State Grants	\$ 3,594	\$ 5,285	\$ -	\$ 8,879
Total	<u>3,594</u>	<u>5,285</u>	<u>-</u>	<u>8,879</u>
<u>Expenditures</u>				
Public Safety	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<u>Excess Revenues (Expenditures)</u>	(1,406)	5,285	-	3,879
Fund Balance – Beginning of Year	<u>11,162</u>	<u>6,997</u>	<u>500</u>	<u>18,659</u>
Fund Balance – End of Year	<u>\$ 9,756</u>	<u>\$ 12,282</u>	<u>\$ 500</u>	<u>\$ 22,538</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Retained Earnings – Budget and Actual
Sewer Fund
For the Year Ended March 31, 2006

Schedule 10

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services:				
Usage and Connection Fees and Debt Retirement	\$ 151,675	\$ 339,039	\$ 321,531	\$ (17,508)
Total	151,675	339,039	321,531	(17,508)
<u>Expenditures</u>				
Salaries and Wages	-	-	9,417	-
Social Security and Medicare	-	-	738	-
Unemployment	-	-	576	-
Supplies	-	-	734	-
Contractual Services	-	-	81,200	-
Trash and Snow Removal	-	-	951	-
Legal	-	-	6,666	-
Accounting and Auditing	-	-	1,200	-
Communications	-	-	2,343	-
Licenses and Permits	-	-	3,650	-
Insurance and Bonds	-	-	4,569	-
Public Utilities	-	-	15,532	-
Maintenance and Repairs	-	-	7,133	-
Depreciation	-	-	143,285	-
Other	-	-	2,830	-
Interest	-	-	43,372	-
Total	192,435	192,435	324,196	(131,761)
<u>Operating Income (Loss)</u>	(40,760)	146,604	(2,665)	(149,269)
Interest Income	1,000	1,000	1,595	595
<u>Total Non-operating Income (Expense)</u>	1,000	1,000	1,595	595
<u>Net Income (Loss)</u>	\$ (39,760)	\$ 147,604	(1,070)	\$ (148,674)
Depreciation Transferred to Contributions			89,302	
Retained Earnings – Beginning of Year			744,031	
Retained Earnings – End of Year			\$ 832,263	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Retained Earnings – Budget and Actual
Marina Fund
For the Year Ended March 31, 2006

Schedule 11

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>				
Charges for Services:				
Moorage and Other Fees	\$ 140,000	\$ 135,000	\$ 149,401	\$ 14,401
Launching Fees	5,000	5,000	5,155	155
Parking Meter and Fines	5,000	5,000	5,311	311
Pump Out Fees	2,500	2,500	2,015	(485)
Gas, Oil and Diesel Sales	<u>305,500</u>	<u>305,500</u>	<u>372,581</u>	<u>67,081</u>
Total	<u>458,000</u>	<u>453,000</u>	<u>534,463</u>	<u>81,463</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	59,077	-
Fringe Benefits	-	-	6,272	-
Supplies	-	-	6,285	-
Gas, Oil and Fuel	-	-	286,725	-
Trash Removal	-	-	931	-
Contractual Services	-	-	1,661	-
Accounting and Auditing	-	-	1,316	-
Communications	-	-	1,235	-
Insurance and Bonds	-	-	6,089	-
Public Utilities	-	-	13,692	-
Maintenance and Repairs	-	-	13,567	-
Depreciation	-	-	25,961	-
Licenses and Fees	-	-	204	-
Other and Credit Card Fees	-	-	12,804	-
Administration Fee	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
Total	<u>438,995</u>	<u>439,995</u>	<u>447,819</u>	<u>(7,824)</u>
<u>Operating Income (Loss)</u>	<u>19,005</u>	<u>13,005</u>	<u>86,644</u>	<u>73,639</u>
Interest Income	12,000	12,000	10,882	(1,118)
Transfer In	19,200	19,200	-	(19,200)
Transfer Out	<u>-</u>	<u>(50,205)</u>	<u>(50,000)</u>	<u>205</u>
<u>Total Non-operating Income (Expense)</u>	<u>31,200</u>	<u>(19,005)</u>	<u>(39,118)</u>	<u>(20,113)</u>
<u>Net Income (Loss)</u>	<u>\$ 50,205</u>	<u>\$ (6,000)</u>	<u>47,526</u>	<u>\$ 53,526</u>
Retained Earnings – Beginning of Year			<u>504,804</u>	
Retained Earnings – End of Year			<u>\$ 552,330</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township Combining Statement of Changes in Assets and Liabilities Current Tax Collection Fund For the Year Ended March 31, 2006

Schedule 12

	Balance 03/31/05	Additions	Deductions	Balance 03/31/06
<u>Assets</u>				
Cash and Investments	\$ 32,088	\$ 6,787,587	\$ 6,790,114	\$ 29,561
Total Assets	<u>\$ 32,088</u>	<u>\$ 6,787,587</u>	<u>\$ 6,790,114</u>	<u>\$ 29,561</u>
<u>Liabilities</u>				
Undistributed Taxes	\$ 26,074	\$ 6,446,474	\$ 6,442,987	\$ 29,561
Due to Other Funds	<u>6,014</u>	<u>341,113</u>	<u>347,127</u>	<u>-</u>
Total Liabilities	<u>\$ 32,088</u>	<u>\$ 6,787,587</u>	<u>\$ 6,790,114</u>	<u>\$ 29,561</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township 2005 Property Tax Levy and Collections For the Year Ended March 31, 2006

Schedule 13

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	3.7635	\$ 1,111,364	\$ 1,056,341	\$ 55,023
County Road	0.4885	144,249	135,606	8,643
County Senior	0.2535	74,850	70,365	4,485
County BATA	0.3380	99,804	93,825	5,979
State Education	6.0000	1,768,463	1,721,051	47,412
School District:				
Leland	12.7513	2,575,927	2,511,614	64,313
Suttons Bay	23.1500	1,580	1,580	-
Intermediate School District	2.9589	873,800	848,728	25,072
Township:				
General	0.4840	142,920	134,357	8,563
Fire Protection	0.6428	189,817	178,444	11,373
Special Assessments:				
Sewer		<u>7,875</u>	<u>6,447</u>	<u>1,428</u>
Total		<u>\$ 6,990,649</u>	<u>\$ 6,758,358</u>	<u>\$ 232,291</u>
Percent of Levy Collected		96.68%		

The Notes to the Basic Financial Statements are an integral part of this statement.